

Message Text

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PAGE 01 BRUSSE 01646 191845Z

64

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SPC-03 SS-20 STR-08 TRSE-00 PA-04 PRS-01

USIA-15 SIL-01 LAB-06 DRC-01 /181 W

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R 191804Z MAR 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 226

INFO AMEMBASSY LUXEMBOURG

AMCONSUL ANTWERP

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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E.O. 11652 NA

TAGS: ENRG, BE

SUBJECT: ENERGY: CONTROVERSY OVER BELGIAN RETAIL

PETROLEUM PRICES

REF: BRUSSELS 1528

1. THREE SIDED DEBATE OVER RETAIL PETROLEUM PRICES IN BELGIUM (PETROLEUM INDUSTRY, GOVERNMENT, TRADE UNIONS) CONTINUES AS CARETAKER GOVERNMENT DELAYS MAKING DECISION. NEWSPAPER REPORTS AS WELL AS INDUSTRY SOURCES NOW ASSUME THAT GOVERNMENT WILL SOON AUTHORIZE SIZEABLE INCREASE (POSSIBLY UPWARDS OF FIFTY PERCENT OF PRE-TAX PRICE). BELGIAN PRICE COMMISSION HELD MEETINGS MARCH 18 AND 19 AND CABINET IS TO REVIEW SITUATION MARCH 20 WITH EYE TOWARDS MAKING DECISION.

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PAGE 02 BRUSSE 01646 191845Z

2. INDUSTRY REQUEST FOR INCREASED PRICES HAS BEEN UNDER

ALMOST CONTINUAL STUDY BY NUMEROUS GOVERNMENT BODIES FOR MANY MONTHS. GOVERNMENT HAS STALLED MAKING DECISION UNDER HEAVY PRESSURE FROM SOCIALIST TRADE UNION FEDERATION. CURRENT CONCERNS OF PRICE COMMISSION AND CABINET ARE (A) CONTRADICTORY ANALYSIS OF PRICE STATISTICS SUBMITTED TO PRICE COMMISSION AND (B) WORRY ABOUT INFLATIONARY EFFECT OF PETROLEUM PRICE INCREASE. IN RESPECT TO LATTER GOVERNMENT IS REPORTEDLY READY TO GRANT INCREASE, NOW THAT ELECTION IS OVER, BUT HOPES TO KEEP INCREASE AS LOW AS POSSIBLE.

3. MEANWHILE PETROLEUM STOCKS IN BELGIUM CONTINUE TO BE DRAWN DOWN. SENIOR ESSO OFFICIALS TOLD CONGEN ANTWERP THAT BY WEEKEND MARCH 16 ESSO REFINERY IN ANTWERP WAS OPERATING AT NO MORE THAN THIRTY PERCENT OF CAPACITY. CONGEN WAS ALSO TOLD THAT ESSO DECIDED NOT TO REQUEST PERMISSION FROM GOB TO DRAW REQUIRED STRATEGIC STOCKS (AS AT LEAST TWO OTHER REFINERIES HAVE DONE) AND THAT ESSO HAD DECIDED TO CLOSE DOWN ITS REFINERY ON MARCH 18 UNLESS PRICE INCREASE ANNOUNCED THAT DAY. GOVERNMENT DID NOT ACT AND ESSO REPORTED TO HAVE CLOSED DOWN. STRAUSZ-HUPE

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Message Attributes

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